

20 of 21 New Dem Reg Reform Principles Included in Final Bill

Washington, D.C. - Today, leaders of the **New Democrat Coalition** led by **Chair, Congressman Joseph Crowley (NY-07)** and the **New Dem Financial Services Task Force Co-Chairs Congresswoman Melissa Bean (IL-08)** and **Congressman Jim Himes (CT-04)** released the following statement upon final passage of the *Wall Street Reform and Consumer Protection Act of 2009* (H.R. 4173) in the US House of Representatives:□□

"The New Dems are proud to have supported today's House passage of historic regulatory reform legislation. Last year, Americans lost their hard earned money during the financial crisis and today we took an important step forward to help American families and businesses become financially stable and thriving once again. New Dems have been on the forefront of calling for an overhaul of our nation's financial regulatory system. Passage of the Wall Street Reform and Consumer Protection Act is a culmination of these efforts and it will put our nation back on track, ensure long-term economic stability and prevent another similar system-wide collapse.

"We strongly support this package, which puts into place stringent regulations and transparency requirements on financial institutions that threaten our economy with risky deals to restore consumer and investor confidence. This bill makes long-overdue changes to our regulatory system that will further stabilize our markets and foster future economic growth.

"We applaud the work of our New Dem colleagues for their significant contributions and dedication to enacting these much needed reforms. We congratulate Chairman Frank, House Leadership and the Obama Administration for their work to move this important bill through the House."

□□ In February, the New Democrat Coalition Financial Services Task Force released a set of 21 principles for Regulatory Reform. With the final passage of the Wall Street Reform and Consumer Protection Act today, the House has now voted in favor of 20 of the New Dem principles. A detailed description of these New Dem achievements is attached. The legislation:

Provides Efficient and Effective Regulation

- Creates a systemic risk regulator that can monitor systemically important institutions and their counterparties to mitigate the risk of systemic collapse.
- Reduces redundant regulatory structures in exchange for robust regulatory oversight.
- Ensures oversight over new financial instruments that currently do not have regulatory oversight.
- Increases coordination and communication between federal regulators.
- Modernizes the regulation and oversight of the insurance industry to ensure adequate information and a consolidated U.S. position in international trade discussions.

Ensures Market Stability and Transparency

- Reforms how regulators evaluate capital requirements when using fair value accounting values (mark to market) on hold to maturity assets in a temporarily impaired market.
- Prohibits excessive leverage on debt and derivative instruments by requiring necessary capital reserves to prevent against the potential risk of default.
- Creates a countercyclical mechanism to temper extreme market fluctuations.
- Prohibits manipulation that can lead to extreme fluctuations in securities prices that could destabilize fair and orderly markets.
- Supports open exchanges (through clearing and exchange trading where appropriate) and price disclosure to increase transparency in opaque markets like the credit default swaps market.
- Requires lenders to hold a small percentage of loans in a first loss position to ensure originators retain some stake in the loans they underwrite.
- Conducts a thorough review of rating agencies' methodologies, models and compensation structures to ensure that ratings are accurate and not subject to conflict.
- Holds Treasury accountable to regularly collect data from all federal sources that receive financial data from recipients of TARP funds.

Establishes Robust Consumer and Investor Protections

- Aggressively pursues a multi-tiered strategy that prevents unnecessary foreclosures for credit worthy borrowers while protecting taxpayers and preserving the moral hazard principle.
- Works towards reintroduction of mortgage reform legislation and pass into law.
- Ensures that credit is available and appropriate for consumers through strengthened oversight and regulation of predatory loans while protecting businesses' ability to price for risk.

- Holds federal financial regulators accountable for enforcement of consumer and investor protections.
- Protects and continue to encourage simpler disclosure of status and terms and conditions of Americans' retirement and investment accounts.
- Reduces incentives for excessive risk taking and improves corporate governance by empowering shareholders.
- Increases fraud prevention efforts.

Statement supported by New Democrat Coalition Financial Services Task Force Co-Chairs Representative Melissa Bean (IL-08) and Representative Jim Himes (CT-4) and the New Dem Leadership, led by Chair Representative Joseph Crowley (NY-07), and Vice-Chairs Representative Melissa Bean (IL-08), Representative Ron Kind (WI-03), Representative Allyson Schwartz (PA-13), and Representative Adam Smith (WA-09). □ □

The New Democrat Coalition is a Coalition of 68 members of the U.S. House of Representatives who are dedicated to the prosperity and security of American families and business. Founded in 1997, the NDC provides Members of Congress with the opportunity to advance a common sense policy agenda focused on empowering the U.S. to grow economically and maintain a vibrant job market, preserving the U.S. standing as the world's leader in innovation and technological advancement, and strengthening our economic and national security. For more information, visit the New Dems website at <http://ndc.crowley.house.gov>.

###